

**Delta Community Action Association, Inc.
Tallulah, Louisiana**

Financial Statements

**As of and for the Years Ended June 30, 2012 and 2011
With Supplemental Information Schedules**

Delta Community Action Association, Inc.
Tallulah, Louisiana

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Independent Auditor's Report

To the Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana

We have audited the accompanying statements of financial position of Delta Community Action Association, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Delta Community Action Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

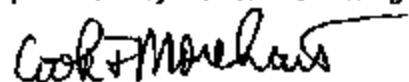
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Delta Community Action Association, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2013, on our consideration of Delta Community Action Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Delta Community Action Association, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying supplemental combining schedules on pages 11 and 12 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditures of federal awards and the supplemental combining schedules are fairly stated in all material respects in relation to the financial statements taken as a

The accompanying supplemental schedules, listed as "Supplemental Information Schedules Prepared For Grants and Contracts Analysis" in the table of contents, and shown on pages 14 – 15, are presented for the purpose of providing various funding sources of Delta Community Action Association, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Delta Community Action Association, Inc., and certain schedules are for periods other than Delta Community Action Association, Inc.'s audit year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, these schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, they are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook & Morehart
Certified Public Accountants
January 7, 2013

Delta Community Action Association, Inc.
 Tallulah, Louisiana
 Statements of Financial Position
 June 30, 2012 and 2011

Assets	<u>2012</u>	<u>2011</u>
Current assets:		
Cash	\$ 330,483	\$ 248,141
Grant receivables	282,276	244,988
Due from other funds	17,495	58,773
Total current assets	<u>630,254</u>	<u>551,902</u>
Property and Equipment:		
Property and equipment	2,719,014	2,676,416
Accumulated depreciation	<u>(2,071,449)</u>	<u>(1,874,312)</u>
Total property and equipment	<u>647,565</u>	<u>802,104</u>
Total Assets	<u>\$ 1,277,819</u>	<u>\$ 1,354,006</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 259,373	\$ 195,829
Accrued liabilities	93,350	67,215
Due to other funds	17,495	58,773
Refundable advances	<u>17,998</u>	<u>23,637</u>
Total current liabilities	<u>388,216</u>	<u>345,454</u>
Net assets:		
Unrestricted:		
Operating	127,872	128,697
Designated	114,166	77,751
Fixed assets	<u>647,565</u>	<u>802,104</u>
Total net assets	<u>889,603</u>	<u>1,008,552</u>
Total Liabilities and Net Assets	<u>\$ 1,277,819</u>	<u>\$ 1,354,006</u>

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Activities
For the Years Ended June 30, 2012 and 2011

	<u>Unrestricted</u> <u>2012</u>	<u>Unrestricted</u> <u>2011</u>
Revenues and Other Support:		
Contractual revenue - grants	\$ 6,214,184	\$ 6,578,495
Miscellaneous revenues	<u>7,862</u>	<u>285</u>
Total revenues and other support	<u>6,222,146</u>	<u>6,578,780</u>
Expenses:		
Head Start Program	4,212,804	4,277,162
Child care food program	325,718	285,994
Community services block grant	216,616	362,872
Home energy assistance	383,513	458,522
Family day care services	1,042,862	978,042
Delta recovery program	153,379	148,641
General services	<u>6,003</u>	<u>3,180</u>
Total expenses	<u>6,341,095</u>	<u>6,515,413</u>
Changes in net assets	(118,949)	63,367
Net assets as of beginning of year	<u>1,008,552</u>	<u>945,185</u>
Net assets as of end of year	<u>\$ 889,603</u>	<u>\$ 1,008,552</u>

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	2012	2011
Operating activities		
Changes in net assets	\$ (118,949)	\$ 63,387
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	245,979	247,603
Donated land		
(Increase) decrease in operating assets:		
Grant receivables	(37,288)	(8,434)
Increase (decrease) in operating liabilities:		
Accounts payable	74,946	(87,987)
Accrued liabilities	26,135	12,039
Refundable advances	(5,639)	4,855
Net cash provided by operating activities	<u>185,184</u>	<u>231,433</u>
Investing activities		
Payments for property and equipment	<u>(83,123)</u>	<u>(277,820)</u>
Net cash used in investing activities	<u>(83,123)</u>	<u>(277,820)</u>
Financing activities		
Payment of short-term trade account used to finance equipment acquisition	<u>(19,719)</u>	<u>(11,045)</u>
Net cash used in financing activities	<u>(19,719)</u>	<u>(11,045)</u>
Net increase (decrease) in cash	82,342	(57,432)
Cash as of beginning of year	<u>248,141</u>	<u>305,573</u>
Cash as of end of year	<u>\$ 330,483</u>	<u>\$ 248,141</u>
Supplemental disclosure		
Non-cash investing and financing activities:		
Acquisition of equipment		
Cost of equipment	\$ 91,441	\$ 287,539
Trade account payable	<u>(8,318)</u>	<u>(19,719)</u>
Cash down payment for equipment	<u>\$ 83,123</u>	<u>\$ 277,820</u>

The accompanying notes are an integral part of this statement.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Delta Community Action Association, Inc. (Delta) is a private non-profit corporation incorporated under the laws of the State of Louisiana. A Board of Directors composed of 15 members governs Delta. Delta operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in various parishes in Louisiana that Delta serves. The following programs, with their approximate percentage of total revenues indicated, are administered by Delta:

Head Start and Early Head Start Program (65%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

Child Care Food Program (6%) – Provides a food service program in coordination with the Head Start Program. Funding is provided by federal funds from USDA passed through the Louisiana Department of Education.

Community Services Block Grant (3%) – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Workforce Commission.

Home Energy Assistance (7%) – Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Association of Community Action Partnerships, Inc.

Family Day Care Services (16%) – Provides a food service program for children in private nonprofit centers of approximately 174 homes. Financing is provided by federal funds passed through the Louisiana Department of Education.

Delta Recovery Program (3%) – Provides substance abuse treatment and education for eligible participants. Funding is provided by federal funds passed through the Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse.

B. Basis of Accounting

The financial statements of Delta have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: *unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.*

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

D. Income Tax Status

Delta is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Delta's tax-exempt purpose would be subject to taxation as unrelated business income. There was no unrelated business income for the years ended June 30, 2012 and 2011. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2009, 2010, 2011, and 2012 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Delta considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations. Delta has adopted a policy to capitalize all items with a unit cost of \$1,000 or greater.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Delta to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2012 and 2011, Delta had no significant concentrations of credit risk in relation to grant receivables.

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

Delta maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2012 and 2011, total cash balances held at financial institutions was \$507,625 and \$550,526, respectively, all of which was secured by FDIC.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2012 and 2011, but received after those dates.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at June 30, 2012:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 17,495	\$ —
Family Day Care Home Program	—	17,495
	<u>\$ 17,495</u>	<u>\$ 17,495</u>

The following schedule represents amounts due to and due from other funds at June 30, 2011:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 28,195	\$ 30,578
CSBG	—	8,200
Head Start Food Service	30,578	—
Family Day Care Home Program	—	19,995
	<u>\$ 58,773</u>	<u>\$ 58,773</u>

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

(5) **Property and Equipment**

Property and equipment consisted of the following at June 30, 2012:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Land	N/A	\$	\$ 15,000	\$ 15,000
Buildings	7-20 years	592,931	—	592,931
Leasehold improvement	7-20 years	226,809	—	226,809
Furniture and equipment	5-10 years	645,524	—	645,524
Vehicles	5 years	1,088,204	—	1,088,204
Assets not in operation		150,546	—	150,546
Accumulated depreciation		<u>(2,071,449)</u>	<u>—</u>	<u>(2,071,449)</u>
Net investment in property and equipment		<u>\$ 632,565</u>	<u>\$ 15,000</u>	<u>\$ 647,565</u>

Depreciation expense for the year ended June 30, 2012 was \$245,979.

Property and equipment consisted of the following at June 30, 2011:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Land	N/A	\$	\$ 15,000	\$ 15,000
Buildings	7-20 years	587,183	—	587,183
Leasehold improvement	7-20 years	209,460	—	209,460
Furniture and equipment	5-10 years	645,119	—	645,119
Vehicles	5 years	1,069,108	—	1,069,108
Assets not in operation		150,546	—	150,546
Accumulated depreciation		<u>(1,874,312)</u>	<u>—</u>	<u>(1,874,312)</u>
Net investment in property and equipment		<u>\$ 787,104</u>	<u>\$ 15,000</u>	<u>\$ 802,104</u>

Depreciation expense for the year ended June 30, 2011 was \$247,603.

(6) **Refundable Advances**

Delta records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(7) **Contractual Revenue – Grants**

During the years ended June 30, 2012 and 2011, Delta received contractual revenue from federal and state grants in the amount of \$6,204,798 and \$6,578,495, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Notes to Financial Statements
June 30, 2012 and 2011
(Continued)

(8) Retirement Plan

Delta participates in a tax deferred annuity plan whereby an amount equal to 5% of the salary of eligible employees is contributed to purchase annuity contracts with an insurance company. The annuities are in the employee's name upon funding. The amount contributed for the years ended June 30, 2012 and 2011 was \$66,349 and \$70,120, respectively.

(9) Accrued Liabilities

Accrued liabilities consisted of the following:

	2012	2011
Accrued leave payable	\$ 58,747	\$ 61,458
Payroll taxes payable	34,803	5,757
	<u>\$ 93,550</u>	<u>\$ 67,215</u>

(10) Leases

Delta leases certain buildings and equipment under operating leases. Rental costs on those leases for the years ended June 30, 2012 and 2011 were as follows:

	2012	2011
Buildings	\$ 55,204	\$ 55,204
Equipment	15,029	15,204
	<u>\$ 70,233</u>	<u>\$ 70,408</u>

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending
June 30,

2013	\$ 39,004
2014	18,754
2015	6,003
2016	7,001
2017	1
Total minimum future rentals	<u>\$ 70,763</u>

(11) Contingencies

Delta is a defendant in one lawsuit. Management believes that the ultimate resolution of the lawsuit will not have a significant effect on the agency's financial position or results of operations.

(12) Subsequent event

Subsequent events have been evaluated through January 7, 2013, the date the financial statements were available to be issued.

(13) Designated Net Assets

Designated net assets at June 30, 2012 consisted of \$28,351 for use within the Low-Income Home Energy Assistance Program and \$55,815 for use within the Child Care Food Program. Designated net assets at June 30, 2011 consisted of \$25,177 for use within the Low-Income Home Energy Assistance Program and \$52,574 for use within the Child Care Food Program.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Combining Schedule of Financial Position
June 30, 2012

Assets	Head Start Program	Child Care Food Program	Community Services Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	General Services	Total
Current assets:								
Cash	\$ 46,896	\$ 87,881	\$ 1,728	\$ 27,162	\$ -	\$ 18,404	\$ 148,312	\$ 330,483
Grant receivables	66,889	3,985	11,838	15,201	184,363			282,276
Due from other funds							17,495	17,495
Total current assets	<u>113,785</u>	<u>91,966</u>	<u>13,566</u>	<u>42,363</u>	<u>184,363</u>	<u>18,404</u>	<u>165,807</u>	<u>630,254</u>
Property and equipment:								
Property and equipment	2,698,912		17,141		2,442	519		2,719,014
Accumulated depreciation	(2,051,902)		(17,141)		(1,887)	(519)		(2,071,449)
Total property & equipment	<u>647,010</u>				<u>555</u>			<u>647,565</u>
Total Assets	<u>\$ 760,795</u>	<u>\$ 91,966</u>	<u>\$ 13,566</u>	<u>\$ 42,363</u>	<u>\$ 184,918</u>	<u>\$ 18,404</u>	<u>\$ 165,807</u>	<u>\$ 1,277,819</u>
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	\$ 76,101	\$ 5,093	\$ 1,144	\$ 14,012	\$ 162,199	\$ 406	\$ 418	\$ 259,373
Accrued liabilities	37,684	1,056	12,422		5,957		36,229	93,350
Due to other funds					17,485			17,495
Refundable advances						17,998		17,998
Total current liabilities	<u>113,785</u>	<u>6,151</u>	<u>13,566</u>	<u>14,012</u>	<u>185,651</u>	<u>18,404</u>	<u>36,647</u>	<u>388,216</u>
Net assets:								
Unrestricted:					(1,288)		129,160	127,872
Operating		85,815		28,351				114,166
Designated					555			647,565
Fixed assets	647,010	85,815		28,351	(733)		129,160	889,603
Total net assets	<u>647,010</u>	<u>85,815</u>		<u>28,351</u>	<u>(733)</u>		<u>129,160</u>	<u>889,603</u>
Total Liabilities and Net Assets	<u>\$ 760,795</u>	<u>\$ 91,966</u>	<u>\$ 13,566</u>	<u>\$ 42,363</u>	<u>\$ 184,918</u>	<u>\$ 18,404</u>	<u>\$ 165,807</u>	<u>\$ 1,277,819</u>

Delta Community Action Association, Inc.
Tallulah, Louisiana
Combining Schedule of Activities
For the Year Ended June 30, 2012

	Head Start Program	Child Care Food Program	Community Services Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	General Services	Total
Revenues and Other Support:								
Contractual revenue - grants	\$ 4,058,604	\$ 358,959	\$ 216,616	\$ 384,187	\$ 1,046,051	\$ 149,767	\$ -	\$ 5,214,184
Miscellaneous revenues				2,500			5,462	7,962
Total revenues and other support	<u>4,058,604</u>	<u>358,959</u>	<u>216,616</u>	<u>386,687</u>	<u>1,046,051</u>	<u>149,767</u>	<u>5,462</u>	<u>6,222,146</u>
Expenses								
Salaries	2,178,295	150,870	147,830	17,967	104,222	84,713		2,683,917
Fringe benefits	626,144	58,153	40,579	87	30,271	16,814		770,048
Travel	12,393	326	3,318		8,031	3,996	2,585	30,551
Equipment	19,477				1,414			20,891
Occupancy	205,391	3,426	572		4,153	13,089		226,631
Telephone and postage	60,422		405		6,046	7,337	895	75,105
Insurance	86,722		186		2,928	6,126		95,952
Vehicle operation	164,117					333		164,450
Supplies	210,351	350	174		2,415	1,473		214,763
Professional services	92,402		3,711		4,456	6,499	200	107,268
Food and related supplies	172,772	114,416			2,416			287,188
Miscellaneous	138,677	175	18,841	15,711	876,372	12,999	2,323	1,236,099
Client assistance payments				349,728				
Depreciation	245,741				238			245,979
Total expenses	<u>4,212,904</u>	<u>325,718</u>	<u>218,816</u>	<u>383,513</u>	<u>1,042,992</u>	<u>153,379</u>	<u>6,003</u>	<u>6,341,095</u>
Change in net assets	(154,300)	33,241		3,174	3,089	(3,612)	(541)	(118,949)
Net assets, beginning of year	801,310	52,574		25,177	(3,822)	3,612	129,701	1,006,552
Net assets, end of year	<u>\$ 647,010</u>	<u>\$ 85,815</u>	<u>\$ -</u>	<u>\$ 28,351</u>	<u>\$ (733)</u>	<u>\$ -</u>	<u>\$ 129,160</u>	<u>\$ 889,603</u>

**Supplemental Information Schedules Prepared
For Grants and Contracts Analysis**

Delta Community Action Association, Inc.
Tallulah, Louisiana
Head Start Grant No. 06CH0393/21
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: July 1, 2011 to June 30, 2012

Revenues:	Approved Budget	Actual	COB Balance Current Year
Amount awarded this budget period	\$ 3,697,969	\$ 3,697,969	
Grantee's contribution	924,493	924,493	
Total revenues	<u>4,622,462</u>	<u>4,622,462</u>	
Expenses:			
Personnel	2,087,993	2,089,875	\$ 18,118
Fringe benefits	580,826	596,262	(15,436)
Travel	15,000	11,912	3,088
Supplies	83,000	158,815	(73,815)
Other	931,150	883,105	68,045
Head Start grant expenses	<u>3,697,969</u>	<u>3,697,969</u>	
Grantee's share	<u>924,493</u>	<u>924,493</u>	
Total expenses	<u>\$ 4,622,462</u>	<u>4,622,462</u>	
Revenue over expenses			
Fund balance, beginning July 1, 2011		<u>7,191</u>	
Fund balance, ending June 30, 2012		<u>\$ 7,191</u>	

Delta Community Action Association, Inc.
 Tallulah, Louisiana
 Child and Adult Care Food Program
 Head Start Food Service
 Louisiana Department of Education
 Schedule of Revenues and Expenditures
 For the Contract Period: October 1, 2010 to September 30, 2011

Revenue:

Contract revenue	\$ 318,552
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Expenses:

Salaries	151,358
Fringe benefit	51,258
Other administrative costs	3,851
Food service costs	<u>99,707</u>
 Total expenses	 <u>306,170</u>

Excess revenue (expenses)	12,382
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Fund balance, beginning October 1, 2010	<u>8,259</u>
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Fund balance, ending September 30, 2011	<u>\$ 20,641</u>
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Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Program:			
Head Start (Fy 06-30-12)	93.600	06CH0393/21	\$ 3,697,969
ARRA - Early Head Start	93.709	06SA0393/02	359,828
Passed through Louisiana Workforce Commission Community Services Block Grant	93.569	2010N0038 & 2011N0038	218,428
Passed through Louisiana Association of Community Action Partnerships, Inc. Home Energy Assistance Program - Energy	93.568	Unknown	383,513
Passed through Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse Delta Recovery Center (Fy 06-30-12)	93.959	330101704	140,380
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education Child and Adult Care Food Program (Head Start) (Fy 09-30-11)	10.558	Unknown	83,279
Child and Adult Care Food Program (Head Start) (Fy 09-30-12)	10.558	Unknown	242,439
Child and Adult Care Food Program (FDCH) (Fy 09-30-11)	10.558	Unknown	279,965
Child and Adult Care Food Program (FDCH) (Fy 09-30-12)	10.558	Unknown	762,759
Total federal expenditures			\$ 8,168,560

Note 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards

To the Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana

We have audited the financial statements of Delta Community Action Association, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated January 7, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Delta Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Delta Community Action Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Delta Community Action Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Delta Community Action Association, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delta Community Action Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a stylized, flowing script.

Cook & Morehart
Certified Public Accountants
January 7, 2013

COOK & MOREHART

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance with Requirements That Could Have A Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana

Compliance

We have audited Delta Community Action Association, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Delta Community Action Association, Inc.'s major federal programs for the year ended June 30, 2012. Delta Community Action Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Delta Community Action Association, Inc.'s management. Our responsibility is to express an opinion on Delta Community Action Association, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Delta Community Action Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Delta Community Action Association, Inc.'s compliance with those requirements.

In our opinion, Delta Community Action Association, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.


Internal Control Over Compliance

Management of Delta Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Delta Community Action Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Delta Community Action Association's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Delta Community Action Association's compliance but not to provide an opinion on the effectiveness of Delta Community Action Association's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delta Community Action Association's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
January 7, 2013

Delta Community Action Association, Inc.
Tallulah, Louisiana
Summary Schedule of Prior Audit Findings
June 30, 2012

2011-C1 FINDING

US Department of Health and Human Services – ARRA Early Head Start program CFDA #93.709

Statement of Condition: The expenditures reported on the ARRA 1512 report for the Early Head Start program for the period ended June 30, 2011, were not in agreement with or reconcilable to the expenditures per the agency's general ledgers.

Criteria: Total expenditures reported on the ARRA 1512 report should be in agreement with or reconcilable to the agency's general ledgers.

Effect / Questioned Cost: A comparison of the expenditures reported on the ARRA 1512 report for the period ended June 30, 2011, with the agency's general ledgers for that time period is as follows:

Total expenditures per 1512 ARRA report	\$ 1,314,426
Total expenditures per agency's general ledgers	<u>1,173,092</u>
Difference	<u>\$ 141,334</u>

Recommendation: We recommend that the agency file an amended 1512 ARRA report which is in agreement with the agency's general ledgers. We further recommend that supervisory personnel review the reports prior to submission to ensure reports are in agreement with / reconcilable to the agency's general ledgers.

Current Status: The final expenditure report for this contract was filed on March 31, 2012. The final report showed total expenditures of \$1,532,921, which was in agreement with the agency's general ledgers.

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Findings and Questioned Costs
June 30, 2012

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Delta Community Action Association, Inc.
2. No significant deficiencies are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Delta Community Action Association, Inc. were disclosed during the audit.
4. No significant deficiencies are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Delta Community Action Association, Inc. expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this Schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600 and ARRA – Early Head Start Program CFDA #93.709, 2) Child and Adult Care Food Program (FDCH and Head Start) CFDA #10.558, and 3) Home Energy Assistance Program CFDA #93.568.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Delta Community Action Association, Inc. does not qualify as a low-risk auditee.

B. Findings – Financial Statements Audit: None

C. Findings and Questioned Costs – Major Federal Award Programs Audit: None

**Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Findings for Louisiana Legislative Auditor
June 30, 2012**

There was one finding related to the financial statement audit for the prior period for the year ended June 30, 2011, as reported in the accompanying Summary Schedule of Prior Year Findings.

There are no current year findings for the year ended June 30, 2012.